

One strategy to consider in a high interest rate environment is purchasing I bonds.

An I bond is a security that earns interest based on both a fixed rate and a rate that is set twice a year based on inflation. The bond earns interest at an adjustable rate until it reaches 30 years or until the holder cashes it in, whichever comes first.



- The attraction of investing in I bonds is that they are a secure investment with increasing instability in the market.
- I bonds are currently offered at a rate of 9.62% (until 10/28). With the rate expected to drop to roughly 6.48% in November, there's a brief window to secure higher interest for six months, assuming you haven't exceeded the I bond purchase limits for 2022.
- The interest income from I bonds is also exempt from state and local taxes and can be deferred up to 30 years.

Each individual taxpayer, including trusts and corporate entities can purchase up to \$10,000 in I bonds per year. Each individual taxpayer can also purchase an additional \$5,000 in I bonds using a portion of their federal tax refund (if one exists). To do so, work with your accountant to file [Form 8888](#).

Important Date

October 28th

Complete your purchase by this date to ensure the bond is issued in October. New 6-month bond rates will be issued in November and are projected to be lower.

To reap the full benefits of an I bond you must do the following:

- Not cash out an I bond before holding it for a year. If I bonds are held for more than one year, but less than five years, the last three months of interest is forfeited.
- Own the bond for at least 5 years to receive all of the interest that is due.

While I bond rates change twice yearly based on inflation, you can still lock in 9.62% annual interest for six months — as long as you complete the purchase by Oct. 28. If you're interested in purchasing I bonds, you must do so directly with the US treasury. (Unfortunately, we can't do it for you.) You can follow these 5 simple steps:

- 1** Go to - [Treasury Direct](#) - A Government Secured Website
- 2** Log In to your account if you have an existing account or click "Open an Account"
- 3** You will need your driver's license and bank account/routing information handy
- 4** Follow the instructions to set up your account and purchase the I Bonds
- 5** Write down and save your Account Number as the retrieval process can be cumbersome

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